



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

Pinelands Commission

Fiscal Year 2009

**Stephen M. Eells
State Auditor**

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLE
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Pinelands Commission for Fiscal Year 2009. If you would like a personal briefing, please call me at (609) 292-3700.

A handwritten signature in cursive script, reading "Stephen M. Eells".

Stephen M. Eells
State Auditor
March 31, 2010

PINELANDS COMMISSION

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Financial Statements	
Combined Balance Sheet, All Fund Types and Account Groups.....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental and Fiduciary Fund Types	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances, General and Special Revenue Fund Types, Budget and Actual - Budgetary Basis	5
Notes to the Financial Statements.....	6
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	18
Schedule of Expenditures of State Financial Assistance.....	19
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	20
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with United States OMB Circular Letter A-133 and New Jersey Department of the Treasury Circular Letter 04-04-OMB	25
Schedule of Findings and Questioned Costs.....	28
Summary Schedule of Prior Audit Findings and Questioned Costs	30

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. FIELDS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of the Pinelands Commission as listed in the accompanying table of contents as of and for the year ended June 30, 2009. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Pinelands Commission prepares its financial statements on a modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pinelands Commission as of June 30, 2009, and the changes in financial position and budgetary comparisons for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010 on our consideration of the Pinelands Commission management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by United States OMB Circular Letter A-133 and the New Jersey Department of the Treasury Circular Letter 04-04-OMB, and are not required as part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Stephen M. Eells
State Auditor
March 31, 2010

PINELANDS COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTAL (Memorandum Only)
	GENERAL FUND	SPECIAL REVENUE FUNDS	PRIVATE PURPOSE TRUST FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS						
Cash & Cash Equivalents	\$2,217,017	\$23,742,395	\$90,602			\$26,050,014
Receivables:						
State	16,292					16,292
Federal	292,225					292,225
Other	264,107					264,107
Prepaid Expenses	265					265
General Fixed Assets:						
Furniture & Equipment				\$1,314,631		1,314,631
Vehicles				116,017		116,017
Amount to be Provided for Retirement of Long-Term Liabilities					\$399,881	399,881
Due from Other Funds	331,176		1,737			332,913
Total Assets	\$3,121,082	\$23,742,395	\$92,339	\$1,430,648	\$399,881	\$28,786,345
LIABILITIES & FUND EQUITY						
Liabilities:						
Accounts Payable	\$52,502	\$9,487				\$61,989
Salaries Payable	94,960					94,960
Payroll Deductions Payable	32,653					32,653
Liabilities for Compensated Absences	34,454				\$399,881	434,335
Deferred Revenue:						
Other	91,793	5,385,446				5,477,239
State Financial Assistance		2,735,644				2,735,644
Due to Other Funds	1,737	331,176				332,913
Total Liabilities	308,099	8,461,753	\$0	\$0	399,881	9,169,733
Fund Equity:						
Investment in General Fixed Assets				1,430,648		1,430,648
Fund Balances - Reserved for:						
Encumbrances	76,653					76,653
Waste Water Facility - Hammonton		1,000				1,000
Unemployment Compensation			74,031			74,031
Timber Rattlesnake Study	13,166					13,166
Rattlesnake Fencing	21,255					21,255
Pinelands Conservation Fund		14,494,307				14,494,307
Fund Balances - Unreserved, Designated for:						
Subsequent Year's Expenditures	279,970					279,970
Retirees' Health Benefits	750,879					750,879
Microfilming Project	70,161					70,161
Parcel Data	3,825					3,825
Building Improvements	42,381					42,381
Vehicular Replacements	16,891					16,891
Computer Replacements	230,100					230,100
Other	20,927					20,927
Fund Balances - Undesignated	1,286,775	785,335	18,308			2,090,418
Total Fund Equity	2,812,983	15,280,642	92,339	1,430,648	0	19,616,612
Total Liabilities & Fund Equity	\$3,121,082	\$23,742,395	\$92,339	\$1,430,648	\$399,881	\$28,786,345

The accompanying Notes to the Financial Statements are an integral part of this Statement.

PINELANDS COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

REVENUES	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	TOTAL (Memorandum Only)
	GENERAL FUND	SPECIAL REVENUE FUNDS	PRIVATE PURPOSE TRUST FUNDS	
State of New Jersey Appropriations	\$2,618,000			\$2,618,000
Fringe Benefits Paid by the State	687,000			687,000
Federal Grants	523,649			523,649
State Grants	94,292	\$422,715		517,007
Other Grants	44,992			44,992
Interest Income	36,634	261,957	\$1,300	299,891
Unemployment Deductions			5,017	5,017
Application Fees	550,222			550,222
Other	234,760	915,000	553	1,150,313
Total Revenues	4,789,549	1,599,672	6,870	6,396,091
EXPENDITURES				
Current:				
Personnel	4,126,611	619,647		4,746,258
Supplies	108,790	1,136		109,926
Services	518,691	147,796		666,487
Maintenance & Rent	25,770	907		26,677
Capital Outlay	50,766			50,766
Land Acquisition		710,700		710,700
Unemployment Compensation Claims			10,940	10,940
Total Expenditures	4,830,628	1,480,186	10,940	6,321,754
Excess(Deficiency) of Revenues Over Expenditures	(41,079)	119,486	(4,070)	74,337
Other Financing Sources(Uses):				
Operating Transfers Out		(84,804)		(84,804)
Operating Transfers In	84,804			84,804
Total Other Financing Sources(Uses)	84,804	(84,804)		0
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	43,726	34,681	(4,070)	74,337
Fund Balance - Beginning of the Year	2,769,257	15,245,961	96,409	18,111,627
Fund Balance - End of the Year	\$2,812,983	\$15,280,642	\$92,339	\$18,185,964

The accompanying Notes to the Financial Statements are an integral part of this Statement.

PINELANDS COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL AND SPECIAL REVENUE FUND TYPES
 BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

REVENUES	GENERAL FUND				SPECIAL REVENUE FUNDS			
	ADOPTED BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ADOPTED BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
State of New Jersey Appropriations	\$2,618,000	\$2,618,000	\$2,618,000	\$0				
NJ Supplemental Appropriations	82,250	300,200	0	(300,200)				
Fringe Benefits Paid by the State	687,336	687,336	687,000	(336)				
Federal Grants	422,200	631,050	523,649	(107,401)				
State Grants	78,000	98,500	94,292	(4,208)	\$1,079,000	\$1,079,000	\$422,715	(\$656,285)
Other Grants	89,142	89,142	44,992	(44,150)	18,750	18,750	17,750	(1,000)
Interest Income	60,000	40,000	36,634	(3,366)	436,000	426,000	261,957	(164,043)
Application Fees	598,500	450,000	550,222	100,222				
Microfilm and Parcel Data Reserves	7,100	7,100	905	(6,195)				
Land Acquisition - CMCMA Reserve					426,258	426,258	0	(426,258)
Pinelands Conservation Activities Reserves					4,426,415	4,426,415	698,354	(3,728,061)
Other	8,400	15,400	235,233	219,833			915,000	915,000
Total Revenues	4,650,928	4,936,728	4,790,927	(145,801)	6,386,423	6,376,423	2,315,776	(4,060,647)
EXPENDITURES								
Current:								
Personnel	4,337,736	4,354,336	4,126,611	227,725	416,300	416,300	619,647	(203,347)
Supplies	120,500	123,300	109,054	14,246	7,250	7,250	1,136	6,114
Services	415,400	650,750	474,325	176,425	1,180,476	1,180,476	147,796	1,032,680
Maintenance & Rent	52,400	60,350	35,547	24,803			907	(907)
Capital Outlay	70,500	66,195	46,211	19,984				
Land Acquisition					4,686,397	4,686,397	710,700	3,975,697
Total Expenditures	4,996,536	5,254,931	4,791,748	463,183	6,290,423	6,290,423	1,480,186	4,810,237
Other Financing Sources(Uses):								
Operating Transfers Out					(96,000)	(86,000)	(84,804)	1,196
Operating Transfers In	96,000	86,000	84,804	(1,196)				
Total Other Financing Sources(Uses)	96,000	86,000	84,804	(1,196)	(96,000)	(86,000)	(84,804)	1,196
Net Increase(Decrease) in Fund Balances	(\$249,608)	(\$232,203)	\$83,983	\$316,186	\$0	\$0	\$750,786	\$750,786

The accompanying Notes to the Financial Statements are an integral part of this Statement.

PINELANDS COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Pinelands Commission was formed in 1979 by the Pinelands Protection Act. The Commission is charged with the development and implementation of the Comprehensive Management Plan for the Pinelands. It plays significant roles in monitoring the level and types of development that occur within the Pinelands, acquisition of land, planning, zoning, permitting, research and education. The Commission consists of 15 members. Seven are appointed by the Governor of New Jersey. Another seven are appointed by each of the counties within the Pinelands, i.e. Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Ocean. One member is appointed by the U.S. Secretary of the Interior. The Commission works closely with all levels of government, organizations and interested citizens to help them understand and implement the Pinelands Comprehensive Management Plan.

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Commission over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year.

Basis of Presentation - The financial statements of the Pinelands Commission have been prepared on a modified accrual basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The more significant of the Commission's accounting policies are described in this note.

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds and accounts are grouped into three fund types within two broad fund categories and two account groups as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenues, other than trusts, that are legally restricted to expenditures for specified purposes. The Commission utilizes the following four special revenue funds:

Land Acquisition Fund - This fund is used to account for assessments collected from the Cape May County Municipal Utilities Authority and per agreement is restricted in use for the acquisition of conservation and recreation lands in the Pinelands National Reserve.

Pinelands Development Credit Fund - This fund is used to account for appropriations from the State of New Jersey that are restricted for purchasing Pinelands Development Credits through the Pinelands Development Credit Bank.

Kirkwood-Cohansey Aquifer Study Fund - This fund is used to account for monies transferred to the Commission from the "Water Supply Fund" by the State of New Jersey to fund the completion of a report on the assessment on how the future and current water supply needs within the pinelands area may be met while protecting the Kirkwood-Cohansey aquifer system.

Pinelands Conservation Fund - The Commission has reserved a portion of this fund for preservation of land and designated other portions to be used as an endowment for conservation planning/research and community planning/design. The intention of the Commission is to use the proceeds of the endowments to fund or partly fund relevant activities without invading the principal amount.

FIDUCIARY FUNDS

Private Purpose Trust Funds - The Private Purpose Trust Funds are used to account for assets held by the Commission in a trustee capacity or as an agent on behalf of others. These include two Private Purpose Trust Funds, the Unemployment Compensation Insurance Fund and the "Katie" Fund. Private Purpose Trust Funds are accounted for in essentially the same manner as governmental funds. Private Purpose Trust Funds account for assets of which both the principal and interest may be spent.

ACCOUNT GROUPS

General Fixed Assets Account Group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. This includes the noncurrent portion of the liability for compensated absences.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Basis of Accounting and Measurement Focus - The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Budgets/Budgetary Control - An annual appropriated budget is approved by the Commission each year for the General Fund and Special Revenue Funds. The budgets are prepared using the budgetary basis of accounting. Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the General Fund and Special Revenue Funds are maintained on the budgetary basis. The budgetary basis differs from modified accrual basis in that the budgetary basis recognizes encumbrances as expenditures and also recognizes increases/decreases in designations/reserves of fund balance, whereas the modified accrual basis does not. Sufficient supplemental records are maintained to allow for the presentation of modified basis financial reports.

The budget, as detailed on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - General Fund and Special Revenue Funds, include all amendments to the adopted budget.

The following presents a reconciliation of the General Fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund to the modified accrual basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental and Fiduciary Fund Types (in thousands).

Net Increase (Decrease) in Fund Balances for the Year (Budgetary Basis)	\$ 84.0
Adjustments:	
Less: Prior year encumbrances recognized as current year expenditures	(80.9)
Less: Net decrease in revenue recognized in previous years	(1.4)
Add: Current year encumbrances payable	<u>42.0</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses (Modified Accrual Basis)	<u>\$ 43.7</u>

The following presents a reconciliation of the Special Revenue Fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Funds to the modified accrual basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental and Fiduciary Fund Types (in thousands).

Net Increase (Decrease) in Fund Balances for the Year (Budgetary Basis)	\$ 750.8
Adjustments:	
Less: Net decrease in designation due to revenue previously claimed	<u>(716.1)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses (Modified Accrual Basis)	<u>\$ 34.7</u>

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost which approximates fair value. The Commission also participates in the State of New Jersey Cash Management Fund administered by the New Jersey Department of the Treasury, Division of Investments, wherein amounts contributed by the State as well as other local government units are combined into a large scale investment program.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2009.

Fixed Assets - General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance is not capitalized.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Commission and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Commission and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group.

Due from/to Other Funds - Amounts due from/to other funds represent monies owed from or to other funds. The General Fund disburses all the funds for expenditures incurred by all other funds, the monies are transferred between funds.

Deferred Revenue - Deferred revenue in the general and special revenue funds represents cash that has been received but not yet earned.

Fund Equity - Reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Nor is such data comparable to a consolidation.

Note 2: PRIOR PERIOD RESTATEMENT

There was no prior period restatement during this accounting period.

Note 3: CASH AND CASH EQUIVALENTS

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires that the Pinelands Commission disclose bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Commission will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of June 30, 2009 the Commission's two bank balances amounted to \$119,100.90. Of this balance, none was exposed to custodial credit risk as uninsured and uncollateralized.

The balance of the Commission's cash and cash equivalents are deposited in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. An amount totaling \$26.0 million is deposited with the Fund as of June 30, 2009. The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, PO Box 290, Trenton, NJ 08625-0290.

Note 4: FIXED ASSETS

The following schedule is a summarization of general fixed assets by source as of June 30, 2009:

	Balance June 30, 2008	Adjusted Balance*	Additions	Deletions	Balance June 30, 2009
Furniture and Equipment	\$1,299,924	\$1,314,850	\$43,903	\$44,122	\$1,314,631
Vehicles	110,594	95,668	20,349		\$116,017
Total	<u>\$1,410,518</u>	<u>\$1,410,518</u>	<u>\$64,252</u>	<u>\$44,122</u>	<u>\$1,430,648</u>

*June 30, 2008 balance for Furniture and Equipment was understated by \$14,926 and Vehicles balance was overstated by \$14,926. The June 30, 2008 total balance remains the same.

Note 5: LEASES

Lease Obligations - At June 30, 2009, the Commission had operating lease agreements in effect for four copy machines. Future minimum rental payments under operating lease agreements are as follows:

Fiscal Year	Amount
2010	\$12,086
2011	\$12,086
2012	\$9,189
2013	\$2,279

Rental payments under operating leases for the fiscal year ended June 30, 2009 were \$11,216. Four new lease agreements were entered into in fiscal year 2009, two of which are for a three-year term and two are for a four-year term.

Note 6: RETIREMENT SYSTEM

The Commission contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. In accordance with P.L. 1994, Chapter 62, as amended by P.L. 2007, Chapter 103, plan members enrolled in the Public Employees' Retirement System are required to contribute 5.5% of their annual covered salary. Employer contributions to the plan are determined actuarially and are billed by the plan administrator. The Commission's contributions to the plan, equal to the required contributions, were as follows:

<u>Fiscal Year</u>	<u>PERS</u>	
2009	\$270,274	(\$177,009) **
2008	\$244,476	(\$48,895) *
2007	\$177,514	(\$71,006) *
2006	\$130,208	(\$78,125) *
2005	\$101,925	(\$81,539) *

*Funded by the Pension Security Act Credit

**Funded by New Jersey interdepartmental accounts

Note 7: HEALTH CARE BENEFITS

The Commission provides health care benefits, through the New Jersey State Health Benefits Program, to all continuing employees who are scheduled to work 20 or more hours per week, along with their spouses and eligible dependents. Expenditures for health care benefits are recognized on a pay-as-you-go basis.

Beginning October 2008, employees enrolled in the New Jersey State Health Benefits Program are required to contribute 1.5% of their bi-weekly salary each pay day. The balance of the monthly health care benefits premium is paid by the Commission who receives a partial reimbursement from the New Jersey State Fringe Benefits Interdepartmental Account. Employees covered by other health insurance can elect to waive coverage and receive \$1,000 annually. The Commission's health care benefits premiums, including employee coinsurance, are as follows:

Health Care Costs				
Fiscal Year	Premium	Cost to		
		Commission	Coinsurance	Interdepartmental
2009	\$616,708	\$126,774	\$34,686	\$455,248 *
2008	\$678,309	\$424,309		\$254,000 *
2007	\$669,157	\$415,157		\$254,000 *
2006	\$536,575	\$282,575		\$254,000 *
2005	\$493,068	\$239,068		\$254,000 *

* Funded by New Jersey interdepartmental accounts

Note 8: POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Commission provides post-retirement health care benefits, in accordance with State statutes, to all employees who retire from the Commission after accumulating 25 years of credited service of which at least seven years are Commission employment. Expenditures for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the fiscal year ended June 30, 2009, expenditures of \$82,966 were recognized for post-retirement health care of which \$54,743 was funded by New Jersey interdepartmental accounts. The Commission has designated a portion of unreserved fund balance (see Note 11) as a funding source for Post Employment Benefits.

Note 9: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Commission maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance - In 1979, the Commission elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Commission is required to reimburse the New Jersey Unemployment Trust fund for benefits paid to its former employees and charged to its account with the State. The Commission is billed quarterly for amounts due to the State. The following is a summary of employee contributions, reimbursements to the State for benefits paid and the ending balance of the Commission's trust fund for the current and previous four years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Funding Balance*</u>
2009	\$5,017.34	\$10,940.00	\$74,030.75
2008	\$4,854.67	\$99.69	\$78,903.59
2007	\$4,916.53	\$0.00	\$71,225.76
2006	\$4,993.53	\$1,974.00	\$62,981.97
2005	\$4,823.56	\$2,805.00	\$57,627.97

* Includes annual interest income

Note 10: COMPENSATED ABSENCES

The Commission's policy states that employees are entitled, upon termination, to the current year's unused vacation time in addition to any unused vacation time previously earned up to a maximum of 30 days. In addition, employees are eligible, at retirement, to receive payment for one-half of their accumulated sick leave up to a maximum of \$15,000. Unused vacation time expected to be taken in the succeeding fiscal year in the amount of \$34,426 has been recorded as a liability in the General Fund on the accompanying balance sheet.

A liability for vested compensated absences has also been established in the General Long-Term Debt Account Group as the benefits accrue to employees. As of June 30, 2009, the estimated long-term liability for compensated absences was \$399,881.

Note 11: FUND BALANCE

RESERVED

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

Reserved for Encumbrances - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Commission but not completed as of the close of the fiscal year.

Reserved for Wastewater Facility Hammonton - This reserve was established with funds provided by Hammonton Town and is used to partially finance research activities related to improving the Hammonton land application facility for sewage plant effluent.

Reserved for Unemployment Compensation - This reserve was established with funds contributed by employees and used to reimburse the State for benefits paid.

Reserved for Timber Rattlesnake Study - This reserve was created as a result of a settlement in order to fund an escrow for the study and monitoring of the timber rattlesnakes in and near a particular development site.

Reserved for Rattlesnake Fencing - This reserve was created to account for funds restricted for possible future fencing necessitated by the above rattlesnake study.

Reserved for Pinelands Conservation Fund - This reserve was established with funds provided by the Atlantic Electric Co. as a result of the proposed electric transmission line project to further the Pinelands protection program and ensure a greater level of protection for the unique resources of the Pinelands area.

UNRESERVED

Designated for Subsequent Year's Expenditures - This designation of fund balance has been appropriated and included as anticipated revenue for the year ending June 30, 2010.

Designated for Retirees' Health Benefits - This is a designation of fund balance that the Commission intends to utilize to fund future retirees' health benefits.

Designated for Microfilming Project - This is a designation of fund balance that the Commission intends to utilize for the microfilming or imaging of Commission records and documents.

Designated for Parcel Data - This is a designation of fund balance that the Commission intends to utilize for the creation and maintenance of parcel data in a geographical imaging system.

Designated for Building Improvements - This is a designation of fund balance that the Commission intends to utilize to fund building improvements.

Designated for Vehicle Replacements - This is a designation of fund balance that the Commission intends to use to replace existing Commission motor vehicles.

Designated for Computer Replacements - This is a designation of fund balance that the Commission intends to use to replace obsolete computer hardware and software.

Designated - Other - This represents designations of fund balance that the Commission intends to utilize for various projects, such as Pinelands poster reprinting and conformance activities.

Undesignated - Used to represent that portion of fund balance resources available for appropriation.

Note 12: CONCENTRATION OF CREDIT RISK

The Commission receives a significant portion of its total revenues from the State of New Jersey. Since these revenues are subject to annual appropriation, any reduction in the amount appropriated in the State's budget will have a material impact on the operations of the Commission. A comparison of annual operating revenues is shown below:

<u>Fiscal Year</u>	<u>Total State Aid Revenues</u>	<u>General Fund Revenues *</u>	<u>Percentage</u>
2009	\$3,305,000	\$4,874,354	68%
2008	\$3,613,650	\$4,960,052	73%
2007	\$3,502,000	\$5,162,330	68%
2006	\$3,358,000	\$5,071,711	66%
2005	\$3,358,000	\$4,741,284	71%

* Includes transfers from other funds

Supplementary Information

PINELANDS COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number or Identifier	Program or Award Amount	Grant Period		Accounts Receivable 06/30/08	Cash Received	Expenditures	Accounts Receivable 06/30/09
				From	To				
U.S. Department of the Interior									
National Park Service - cluster									
Long-Term Pinelands Monitoring Program	N/A	CA-H4560-05-0002	\$1,227,047	5/13/2005	3/31/2010	\$134,666	\$349,605	\$214,939	
Long-Term Pinelands Monitoring Program	N/A	CA-H4506-08-0713	\$534,600	8/19/2008	3/31/2013	8,682	22,891	126,138	\$111,929
Pinelands Information and Public Research Center, Phase #1	N/A	CA-H1846-06-0002	\$50,000	9/17/2008	4/11/2011		8,994	8,994	
Total U.S. Department of the Interior						143,348	381,490	350,071	111,929
U.S. Environmental Protection Agency									
Wetlands Protection									
Upland Buffer Zones	66.461	CD97246808-0	\$214,915	1/15/2008	1/14/2011	759	3,857	21,718	18,620
Total U.S. Environmental Protection Agency						759	3,857	21,718	18,620
U.S. Department of Transportation									
Federal Highway Administration - cluster									
Passed Through NJ Department of Transportation									
Highway Planning and Construction	20.205	N/A	\$194,000	8/19/1997	Completion	13,823	4,007	5,228	15,044
Highway Planning and Construction	20.205	N/A	\$974,000	8/14/1998	Completion				
FHWA National Scenic Byway Discretionary Grant	20.205	SBW-SB03(003)	\$200,000	8/7/2007	12/31/2009	42,398	42,398	146,632	146,632
Total U.S. Department of Transportation						56,221	46,405	151,860	161,676
Total Federal Assistance						\$200,328	\$431,752	\$523,649	\$292,225

See Report and the Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

PINELANDS COMMISSION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grant/Pass Through Grant/Program Title	State Grant or GMIS Number	Program or Award Amount	Grant Period		Accounts Receivable 06/30/08	Deferred Revenue 06/30/08	Cash Received	Expenditures	Accounts Receivable 06/30/09	Deferred Revenue 06/30/09
			From	To						
Department of Environmental Protection										
New Jersey State Appropriation Act										
State Aid	100-042-4800-082	\$2,618,000	7/1/2008	6/30/2009			\$2,618,000	\$2,618,000		
State Aid - Fringe Benefits	100-094-0410-011	\$687,000	7/1/2008	6/30/2009			687,000	687,000		
Pinelands Development Credit Purchases	100-042-4800-324	\$13,000,000	7/1/1999	Completion		\$1,759,199				\$1,759,199
Water Supply Fund										
Kirkwood-Cohansey Aquifer Assessment	100-042-4840-077	\$5,500,000	1/1/2002	Completion		1,399,160		422,715		976,445
Division of Watershed Management										
Watershed Protection Fund (CBT)										
Wastewater Management	100-042-4850-099	\$490,000	9/1/2001	11/30/2008	\$46,435		117,435	71,000		
Total Department of Environmental Protection					46,435	3,158,359	3,422,435	3,798,715		2,735,644
Department of Banking and Insurance										
PDC Bank Program - Services	100-014-3180-004-3890	\$7,600	7/1/2007	6/30/2008	7,014		7,014			
PDC Bank Program - Services	100-014-3180-004-3890	\$8,000	7/1/2008	6/30/2009			7,000	7,000		
Total Department of Banking and Insurance					7,014		14,014	7,000		
Department of Transportation										
FHWA National Scenic Byway Discretionary Grant (state portion)	93-480-078-6300-A78-7310	\$25,000	8/7/2007	12/31/2009	4,711		4,711	16,292	\$16,292	
Total Department of Transportation					4,711		4,711	16,292	16,292	
Total State Assistance					\$58,160	\$3,158,359	\$3,441,160	\$3,822,007	\$16,292	\$2,735,644

See Report and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

PINELANDS COMMISSION
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2009

Note 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the New Jersey Pinelands Commission. The Commission is defined in Note 1 to the financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1 to the Commission's general-purpose financial statements.

Note 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Commission's financial statements.

Note 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

Pinelands Commission

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

**For Fiscal Year Ended
June 30, 2009**

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CHIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRANNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. HELLS
State Auditor

THOMAS R. MESTEROLI
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Pinelands Commission as of and for the year ended June 30, 2009 and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Pinelands Commission prepares its financial statements on a modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Pinelands Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pinelands Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pineland Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pinelands Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of the Pinelands Commission, the State of New Jersey, the Legislature, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Stephen M. Eells
State Auditor
March 31, 2010

Pinelands Commission

**Report on Compliance with Requirements
Applicable to Each Major Program and on Internal
Control over Compliance in Accordance with
United States OMB Circular Letter A-133 and
New Jersey Department of the Treasury
Circular Letter 04-04-OMB**

**For the Fiscal Year Ended
June 30, 2009**

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. ELLIS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
UNITED STATES OMB CIRCULAR LETTER A-133 AND
NEW JERSEY DEPARTMENT OF THE TREASURY
CIRCULAR LETTER 04-04-OMB

Compliance

We have audited the compliance of the Pinelands Commission with the types of compliance requirements described in the United States OMB Circular Letter A-133 and the New Jersey Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2009. The Pinelands Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Pinelands Commission's management. Our responsibility is to express an opinion on the Pinelands Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; United States OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and the New Jersey Department of the Treasury Circular Letter 04-04-OMB. Those standards, OMB Circular A-133, and Treasury Circular Letter 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Pinelands Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Pinelands Commission's compliance with those requirements.

In our opinion, the Pinelands Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Pinelands Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Pinelands Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pinelands Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the Pinelands Commission, the State of New Jersey, the Legislature and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Stephen M. Eells". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Stephen M. Eells
State Auditor
March 31, 2010

PINELANDS COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2009

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards Section

Dollar threshold used to distinguish Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None Reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) ☐ Yes ☒ No

Identification of major programs:

Type A -High Risk Programs	None
Type B -High Risk Programs	U.S. Department of Interior-National Park Service - Cluster
	U.S. Department of Transportation-Federal Highway Administration - Cluster

PINELANDS COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2009

Part I - Summary of Auditor's Results (continued):

State Awards Section

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are
not considered to be material weaknesses? None Reported

Type of auditor's report on compliance for major
programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with State Circular Letter
04-04-OMB ☐ Yes ☒ No

Identification of major programs:

<u>State Program Number</u>	<u>Name of State Program</u>
100-042-4800-082	State of New Jersey Appropriation
100-094-9410-011	State Aid - Fringe Benefits
100-042-4840-077	Kirkwood-Cohansey Aquifer Assessment

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings were noted that are required to be reported under *Government Auditing Standards*.

Part III - Schedule of Federal and State Awards Findings and Questioned Costs

The audit disclosed no findings or questioned costs for the current period.

PINELANDS COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2009

There were no audit findings or questioned costs during the prior year.